

# FY 2016 Classification Hearing

**November 9, 2015**

# Town Budget Process:

- Every year, those present at our Annual Town Meeting vote to approve the upcoming budget figures.
- The money to fund the budget comes from Local Receipts (permits, fees, etc), State Aid, Other Revenues (free cash, stabilization, etc), and the Levy.
- The Levy refers to the amount of money a community can raise through Real Estate and Personal Property Taxes.

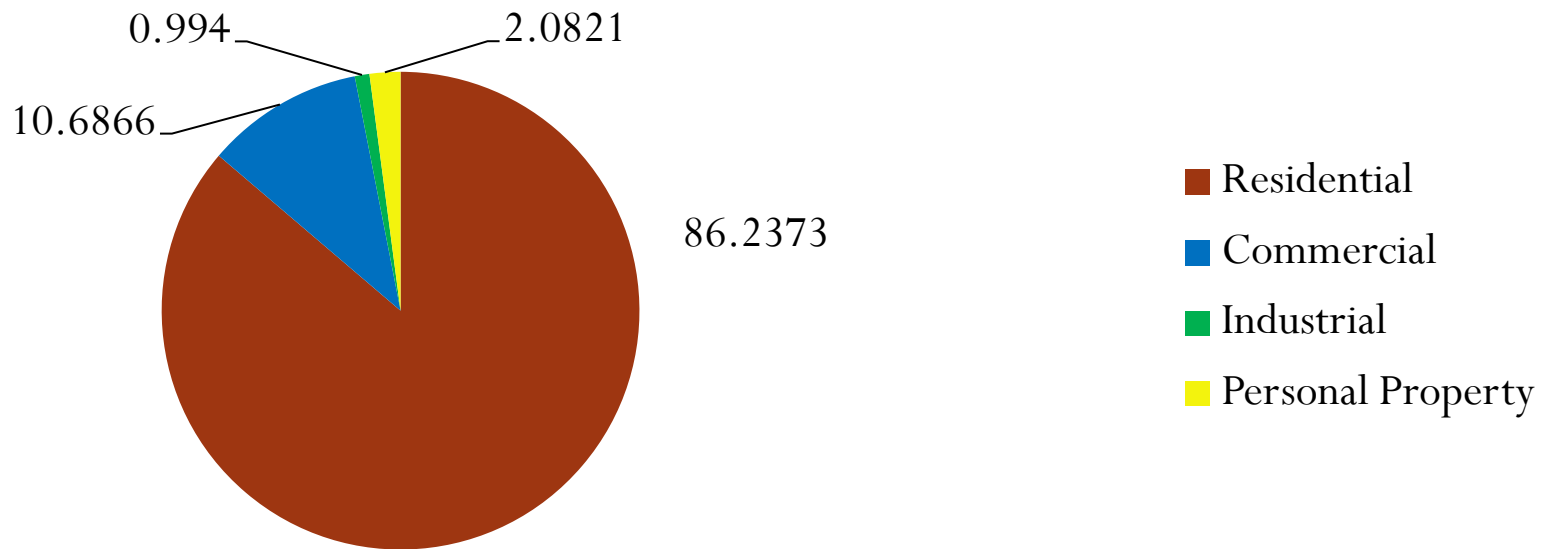
# To Clarify...

- The classification hearing does not change the amount of money which can be raised from Real Estate and Personal Property Taxes (The Levy).
- A split rate will not increase revenue for the town.
- A split rate shifts some of the tax burden from all residential properties onto all commercial, industrial, and personal property accounts.

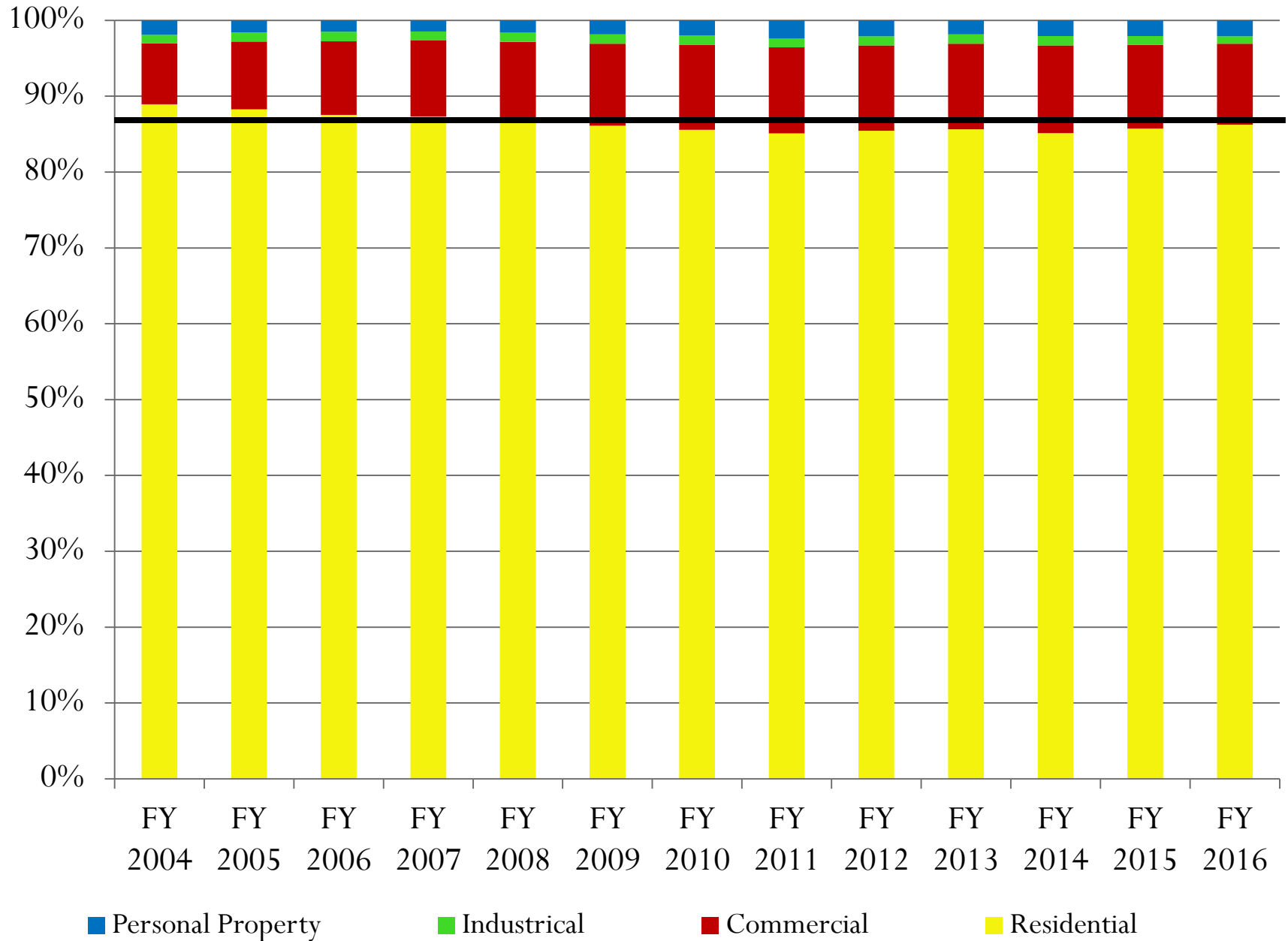


# Classification:

- The Board of Selectmen hold a Classification Hearing each year to determine if the Levy gets divided evenly via a single tax rate, or if the tax burden gets shifted between the classes.
- Here are the current class percentages:



# Historic class percentages



# Historical Class Percentages and the change from the previous year:

FY	Res %	Change	Comm %	Change	Ind %	Change	Pers Prop %	Change
2002	<b>86.29%</b>	-0.08%	<b>10.29%</b>	-0.17%	<b>1.27%</b>	-0.01%	<b>2.12%</b>	+0.26%
2003	<b>86.54%</b>	+0.25%	<b>10.03%</b>	-0.26%	<b>1.25%</b>	-0.02%	<b>2.16%</b>	+0.03%
2004	<b>88.93%</b>	+2.38%	<b>8.06%</b>	-1.97%	<b>1.09%</b>	-0.15%	<b>1.90%</b>	-0.25%
2005	<b>88.26%</b>	-0.66%	<b>8.92%</b>	+0.86%	<b>1.21%</b>	+0.11%	<b>1.58%</b>	-0.32%
2006	<b>87.53%</b>	-0.73%	<b>9.69%</b>	+0.76%	<b>1.27%</b>	+0.05%	<b>1.50%</b>	-0.08%
2007	<b>87.30%</b>	-0.22%	<b>10.09%</b>	+0.39%	<b>1.15%</b>	-0.12%	<b>1.45%</b>	-0.05%
2008	<b>86.59%</b>	-0.70%	<b>10.58%</b>	+0.49%	<b>1.19%</b>	+0.04%	<b>1.62%</b>	+0.17%
2009	<b>86.12%</b>	-0.47%	<b>10.79%</b>	+0.20%	<b>1.24%</b>	+0.05%	<b>1.84%</b>	+0.21%
2010	<b>85.58%</b>	-0.54%	<b>11.20%</b>	+0.41%	<b>1.19%</b>	-0.04%	<b>2.01%</b>	+0.17%
2011	<b>85.09%</b>	-0.48%	<b>11.34%</b>	+0.13%	<b>1.15%</b>	-0.03%	<b>2.40%</b>	+0.38%
2012	<b>85.43%</b>	+0.34%	<b>11.26%</b>	-0.08%	<b>1.18%</b>	+0.03%	<b>2.11%</b>	-0.29%
2013	<b>85.48%</b>	+0.04%	<b>11.21%</b>	-0.05%	<b>1.20%</b>	+0.02%	<b>2.10%</b>	-0.01%
2014	<b>85.12%</b>	-0.35%	<b>11.56%</b>	+0.34%	<b>1.23%</b>	+0.03%	<b>2.07%</b>	-0.02%
2015	<b>85.74%</b>	+0.62%	<b>11.01%</b>	-0.54%	<b>1.18%</b>	-0.05%	<b>2.05%</b>	-0.01%
2016	<b>86.23%</b>	+0.49%	<b>10.68%</b>	-0.33%	<b>0.99%</b>	-0.19%	<b>2.08%</b>	+0.03%

# LA-7 Shift

- Should the Selectmen choose to shift some of the burden to the CIP (commercial, industrial, personal property), the shift may not be more than 150% of the original burden.
- Given this restriction, our minimum residential share (with max shift) is **79.356** and our maximum CIP share (with max shift) is **20.644**.

At the original limit, the share of the levy to be raised by each class would be as follows:

	<b>Original % of share</b>	<b>Original Levy Share</b>	<b>Single Tax Rate</b>
Residential	<b>86.2373</b>	<b>27,251,446</b>	<b>17.93</b>
CIP	<b>13.7627</b>	<b>4,349,071</b>	<b>17.93</b>

At the maximum allowable limit, the share of the levy to be raised by each class is as follows:

	<b>Max Shift Share %</b>	<b>Max Shift Levy Share</b>	<b>Max Split Rates</b>
Residential	<b>79.356</b>	<b>25,076,911</b>	<b>16.50</b>
CIP	<b>20.644</b>	<b>6,523,605</b>	<b>26.90</b>

# Average Values

- The current value of the average single-family home is: \$302,268
  - A difference of 2.31% from last year
  - The taxes would be: \$5,419.67
  - A difference of 7.85% from last year
  - Currently, 62.34% of all of the single-family homes are valued at or below the average.
- The current value of the average commercial property is: \$844,560
  - A difference of -3.92% from last year
  - The taxes would be: \$15,142.96
  - A difference of 1.27% from last year
  - Currently, 77.5% of all of the commercial properties are valued under \$1,000,000





# Some good questions...

- **Why do the valuations lag behind ‘current market value?’**
  - When determining values, we are governed by DOR regulations. We must analyze qualified sales from the last full calendar year, and adjust accordingly. For Fiscal Year 2016’s values, we must use sales from Calendar Year 2014.
- **How often are properties valued?**
  - Property values get adjusted after the sales analysis each year.
  - Property values may change as a result of building permit visits, sales inspections, the DOR requirement to visit the property at least once in a nine-year period, or being randomly selected for a visit.
- **What is the relationship between the valuations and the tax rate?**
  - Since you need to raise a specific levy amount, the valuations and tax rates move in opposite directions. If the total town value increases, the tax rate will decrease. If the total town value decreases, the tax rate will increase. However, if overrides, capital exclusions, or debt exclusions are voted in, the rate increases no matter what.

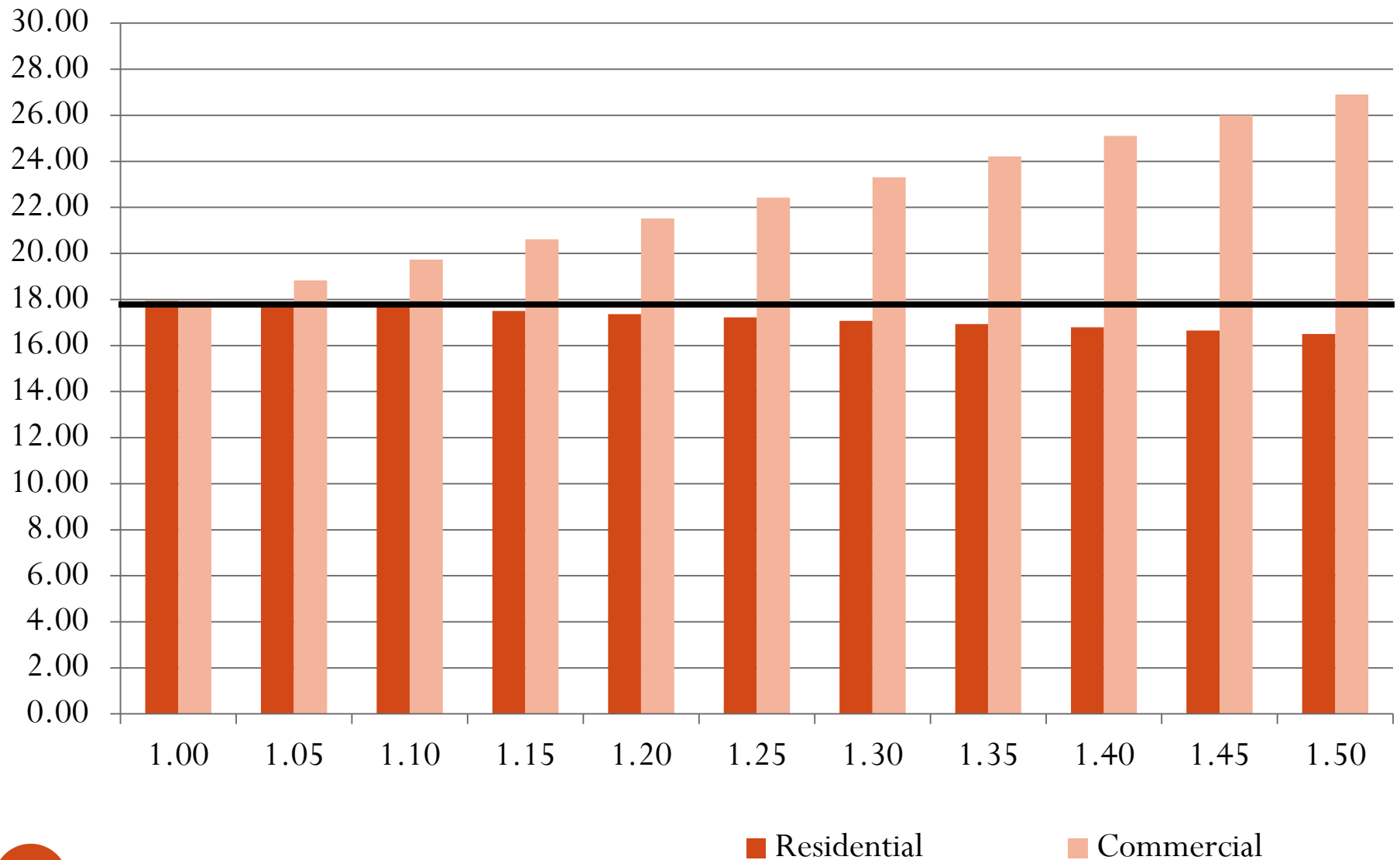
# Impact of Tax Shifts

Shift	Res Tax	Res Rate	Res Savings	Res % Change	Comm Tax	Comm Rate	Comm Incr	Comm % Change
1.00	5419.67	17.93			15142.96	17.93		
1.05	5377.35	17.79	42.32	0.78	15903.06	18.83	760.10	5.02
1.10	5335.03	17.65	84.64	1.56	16663.17	19.73	1520.21	10.04
1.15	5289.69	17.50	129.98	2.40	17414.83	20.62	2271.87	15.00
1.20	5247.37	17.36	172.29	3.18	18174.93	21.52	3031.97	20.02
1.25	5205.05	17.22	214.61	3.96	18935.04	22.42	3792.07	25.04
1.30	5159.71	17.07	259.95	4.80	19686.69	23.31	4543.73	30.01
1.35	5117.40	16.93	302.27	5.58	20446.80	24.21	5303.84	35.03
1.40	5075.08	16.79	344.59	6.36	21206.90	25.11	6063.94	40.04
1.45	5032.76	16.65	386.90	7.14	21958.56	26.00	6815.60	45.01
1.50	4987.42	16.50	432.24	7.98	22718.66	26.90	7575.70	50.03

As you can see, the highest shift would result in commercial paying approximately **50%** more in taxes, while residential parcels would save just under **8%**.



# Impact of a Split Rate



# In Closing,

- The Board of Assessors voted to recommend that the Board of Selectmen stay with a single tax rate.

